The Dun & Bradstreet Corporation

The Dun & Bradstreet Record of Business Closings

Prepared by the Economic Analysis Department

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BUSINESS FAILURES SHOW LARGEST DROP SINCE 1978

DECREASING 6.6 PERCENT IN 1988

Business Bankruptcies Down

In Nation's Weakest Regions and Industries

NEW YORK, Feb. 24--Business failures posted the largest annual decrease in a decade last year, dropping 6.6 percent to 57,098 from 61,111 in 1987, according to The Dun & Bradstreet Corporation.

"The significant decline in failures underscores the continued strength of the economy, now in its seventh year of expansion," said Joseph W. Duncan, corporate economist and chief statistician for The Dun & Bradstreet Corporation. "The nation's weakest regions are showing improvements, while those areas that led the expansion are holding their own."

Failures were down in six of the nation's nine census regions, with only the Middle Atlantic states reporting a significant increase in business failures.

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"In 1988 we saw substantial improvements in those states with agriculture and oil-based economies," said Duncan. "The sharpest decreases in failures occurred in the farming states of the West North Central region and the oil-producing states of the West South Central region."

On an industry basis, overall U.S. failures were down or flat in seven of the nine major sectors. Agriculture failures dropped 51.6 percent to 1,823 from 3,766, and failures in the mining sector, which includes oil and gas extraction, were down 21.2 percent to 494 from 627.

"The dramatic decrease in agricultural failures in 1988 is attributable to the surge in failures in early 1987, as farmers took advantage of the new Chapter 12 bankruptcy code," said Duncan. "Chapter 12, which was introduced in late 1986, provides farmers with the opportunity to reorganize their debt while protected from creditors. A surge of filings occurred in the first quarter of 1987, resulting in a 42.2 percent increase in agriculture failures in 1987 overall."

Retail failures decreased 6.1 percent, to 11,488 from 12,240, and services bankruptcies were down 4.7 percent, to 22,686 from 23,802.

"Failures in the services sector were down in 1988 following three years of gains, due primarily to strong entrepreneurial activity, increasing competition, and sustained weakness in the petroleum states," said Duncan. "This trend is now subsiding, with five of the nation's U.S. Bureau of the Census regions reporting decreases in services failures."

Manufacturing failures were down 1.6 percent to 4,204, while wholesale trade failures increased 2.7 percent to 4,455. Construction failures were essentially unchanged at 6,791.

Regional Trends

The agricultural states of the West North Central region reported the largest percentage decrease in failures, down 23.3 percent to 4,000 in 1988 from 5,214 in 1987. Failures in the agricultural sector decreased 59.0 percent, to 537 from 1,309. Services failures also dropped sharply, down 23.5 percent to 1,188 from 1,553. Nebraska, South Dakota, Iowa, Minnesota, Kansas and Missouri all reported significant decreases ranging from 12 percent to 60 percent. Failures in North Dakota rose to 159 from 109.

Failures in the oil states of the West South Central region also fell substantially, down 17.4 percent, to 10,542 in 1988 from 12,763 in 1987.

"The oil-producing states are now showing signs of improvement--failures decreased in 1988 and were flat in 1987--following two years of substantial gains," said Duncan. "Failures in Oklahoma, for example, dropped 59.8 percent in 1988 to 868 from 2,158 in 1987."

In Louisiana, failures were down 20.2 percent, to 1,438 from 1,803, and Arkansas failures were down 17.1 percent, to 363 from 438. Failures in Texas also decreased, down 5.9 percent to 7,873 from 8,364 in 1987.

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Duncan noted that the manufacturing states of the East North Central region have directly benefited from the strong export market. Failures dropped 5.5 percent in 1988, to 9,067 from 9,591 in 1987. Failures were down or flat in all industry sectors, except for services and finance, which reported slight increases.

The East South Central region reported a decrease in failures of 6.2 percent, to 2,998 from 3,195. Failures in Kentucky were down 27.6 percent to 701. In contrast, Alabama reported an increase of 28.5 percent to 635. Failures by industry in the region were also mixed, with agriculture failures dropping 61.1 percent, to 114 from 293, while mining failures increased to 68 from 52 a year ago.

The Pacific states also reported a decrease in failures, down 5.2 percent, to 11,811 from 12,461 in 1987. While mining and services failures were up modestly, all other industry sectors reported decreases in failures ranging from 8 percent to 20 percent. California, which dominates the region, reported a decrease of 7.8 percent, to 9,178 from 9,957. Failures in Oregon dropped sharply, down 28.1 percent to 509 from 708, while Washington failures were up 27.3 percent to 1,658 from 1,302.

Failures in the Mountain states decreased 2.7 percent, to 5,755 from 5,912. Business failures in Colorado fell 23.9 percent to 2,233, while Arizona reported an increase in bankruptcies of 74.2 percent, to 1,441 from 827. Failures by industry sector also were mixed in the region. The region's

agriculture and mining industries posted decreases in 1988, while failures in the construction, retail and transportation sectors were up.

"Colorado continues to show signs of improvement after earlier gains in failures resulting from the stress in the energy sector," said Duncan. "In contrast, the increase in failures in Arizona is attributable to increased competition following several years of strong entrepreneurial activity."

While failures were down in some of the weakest regions, failures increased in three of the areas that led the economic expansion. The Middle Atlantic states reported an increase in business bankruptcies of 15.9 percent, to 4,619 from 3,985 a year ago. The increase was largely driven by a sharp rise in failures in New York, up 38.1 percent to 2,360 from 1,709. In New Jersey, bankruptcies were up 15.1 percent to 860 from 747, while failures in Pennsylvania were down 8.5 percent to 1,399.

"The increase in New York is partly due to the fallout following a period of robust entrepreneurial activity," said Duncan. "The stock market crash in October of 1987 has also obviously had an impact."

The only industries in the Middle Atlantic states to report a decrease in failures were the agriculture and mining sectors.

Failures in the South Atlantic states were up 4.1 percent, to 7,255 from 6,969. The agriculture, mining and services industries reported decreases in failures, while all other industry sectors in the region were up. Florida reported a

decrease in failures of 2.1 percent, to 3,135 from 3,201.

"The increase in bankruptcies in the South Atlantic states was primarily due to increased competition, not unlike the shakeout the Middle Atlantic states are experiencing," said Duncan. "Failures in the region last year, however, were up 11.4 percent, so the rate of increase has slowed."

Failures in the New England states reported a modest increase of 2.9 percent to 1,051 from 1,021 a year ago.

Dun & Bradstreet's business failure statistics include businesses that ceased operations following assignment or bankruptcy; ceased operations with losses to creditors after such actions as foreclosure or attachment; voluntarily withdrew leaving unpaid obligations; were involved in court actions such as receivership, reorganization or arrangement; or voluntarily compromised with creditors.

The Dun & Bradstreet Corporation is the world's largest marketer of business information and related services with worldwide revenue of $4.3 billion in 1988.

(See attached tables)

THE DUN & BRADSTREET CORPORATION - Economic Analysis Department

Business Failures by States and Regions
Total year 1987 vs. Total year 1988

	1987 Firms	1987 Liabilities	1988 Firms	1988 Liabilities	% Change Firms	% Change Liabilities
NEW ENGLAND	1,021	925,711,600	1,051	1,094,010,240	2.9%	18.2%
Maine	60	11,910,991	84	48,360,153	40.0%	306.0%
New Hampshire	134	12,552,926	165	59,214,956	23.1%	371.7%
Vermont	48	5,176,021	53	12,207,117	10.4%	135.8%
Massachusetts	633	845,801,343	556	704,193,269	-12.2%	-16.7%
Connecticut	111	28,430,763	151	254,866,063	36.0%	796.4%
Rhode Island	35	21,839,556	42	15,168,682	20.0%	-30.5%
MIDDLE ATLANTIC	7,985	1,983,383,425	4,619	4,636,715,371	15.9%	133.8%
New York	1,709	1,279,192,614	2,360	1,488,399,331	38.1%	16.4%
New Jersey	747	294,467,576	860	1,815,666,173	15.1%	516.6%
Pennsylvania	1,529	409,723,235	1,399	1,332,649,867	-8.5%	225.3%
EAST NORTH CENTRAL	9,591	2,786,493,123	9,067	3,742,602,635	-5.5%	34.3%
Ohio	1,933	401,370,551	1,936	1,771,234,243	0.2%	341.3%
Indiana	1,309	540,522,925	923	584,217,841	-29.5%	8.1%
Illinois	3,292	1,184,621,681	3,301	803,695,239	0.3%	-32.2%
Michigan	1,814	406,891,038	1,799	449,808,677	-0.8%	10.5%
Wisconsin	1,243	253,086,928	1,108	133,646,635	-10.9%	-47.2%
WEST NORTH CENTRAL	5,214	2,582,712,907	4,000	1,619,615,101	-23.3%	-37.3%
Minnesota	684	677,637,591	536	230,162,330	-21.6%	-66.0%
Iowa	911	529,351,436	661	234,625,642	-27.4%	-55.7%
Missouri	1,562	494,774,094	1,381	446,744,767	-11.6%	-9.7%
North Dakota	109	43,420,142	159	36,908,900	45.9%	-15.0%
South Dakota	276	57,776,003	148	10,589,415	-46.4%	-81.7%
Nebraska	678	288,119,271	269	171,292,523	-60.3%	-40.5%
Kansas	994	491,634,370	846	489,291,524	-14.9%	-0.5%
SOUTH ATLANTIC	6,969	2,488,871,896	7,255	4,129,293,355	4.1%	65.9%
Maryland	481	312,243,717	424	174,004,941	-11.9%	-44.3%
Delaware	31	7,952,573	64	653,065,160	106.5%	8112.0%
District of Columbia	63	64,337,745	53	14,444,594	-15.9%	-77.5%
Virginia	857	318,236,196	928	269,692,235	8.3%	-15.3%
West Virginia	237	35,038,658	215	49,399,162	-9.3%	41.0%
North Carolina	590	145,688,102	672	206,009,781	13.9%	41.4%
South Carolina	274	3,744,876	385	315,288,918	40.5%	8319.2%
Georgia	1,235	446,177,983	1,379	338,993,852	11.7%	-24.0%
Florida	3,201	1,155,452,046	3,135	2,108,394,712	-2.1%	82.5%

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Business Failures by States and Regions
Total year 1987 vs. Total year 1988

	1987		1988		% Change	
	Firms	Liabilities	Firms	Liabilities	Firms	Liabilities
EAST SOUTH CENTRAL	3,195	1,262,103,818	2,998	748,269,407	-6.2%	-40.7%
Kentucky	968	352,171,631	701	141,138,221	-27.6%	-59.9%
Tennessee	1,134	332,343,964	1,169	415,667,571	3.1%	25.1%
Alabama	494	328,999,312	635	99,689,938	28.5%	-69.7%
Mississippi	599	248,588,911	493	91,773,677	-17.7%	-63.1%
WEST SOUTH CENTRAL	12,763	12,348,437,175	10,542	11,166,165,567	-17.4%	-9.6%
Arkansas	438	333,681,431	363	67,839,684	-17.1%	-79.7%
Oklahoma	2,158	1,793,311,852	868	1,715,998,344	-59.8%	-4.3%
Louisiana	1,803	1,645,007,620	1,438	1,624,209,657	-20.2%	-1.3%
Texas	8,364	8,576,436,272	7,873	7,758,117,882	-5.9%	-9.5%
MOUNTAIN	5,912	3,376,624,639	5,755	2,477,160,683	-2.7%	-26.6%
Montana	325	86,610,281	241	51,504,704	-25.8%	-40.5%
Idaho	444	70,839,360	363	295,781,491	-18.2%	317.5%
Wyoming	274	169,457,595	205	79,946,677	-25.2%	-52.8%
Colorado	2,935	2,003,432,222	2,233	932,303,359	-23.9%	-53.5%
New Mexico	224	52,975,975	344	215,805,929	53.6%	307.4%
Arizona	827	344,071,370	1,441	654,243,209	74.2%	90.1%
Utah	598	565,370,084	599	132,997,101	0.2%	-76.5%
Nevada	285	83,867,752	329	114,578,213	15.4%	36.6%
PACIFIC	12,461	6,969,492,846	11,811	6,398,933,010	-5.2%	-8.2%
Alaska	318	999,354,577	287	133,214,576	-9.7%	-86.7%
Hawaii	176	167,786,321	179	159,834,527	1.7%	-4.7%
Washington	1,302	219,189,076	1,658	313,289,568	27.3%	42.9%
Oregon	708	476,549,494	509	106,855,998	-28.1%	-77.6%
California	9,957	5,106,613,378	9,178	5,685,738,341	-7.8%	11.3%
TOTAL	61,111	34,723,831,429	57,098	36,012,765,369	-6.6%	3.7%

* Data for 1987 are final; 1988 figures are preliminary.

Source: The Dun & Bradstreet Corporation
Economic Analysis Department

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Business Failures by U.S. Census Region by industry
Yearly data, 1987 vs. 1988 *

Industry	New England 1987	1988	% change	Middle Atlantic 1987	1988	% change	East North Central 1987	1988	% change	West North Central 1987	1988	% change
Agriculture, forestry & fishing	1	9	800.0%	96	66	-31.3%	830	369	-55.5%	1,309	537	-59.0%
Mining	0	0	0.0%	30	23	-23.3%	49	36	-26.5%	32	31	-3.1%
Construction	81	177	118.5%	458	630	37.6%	1,066	1,038	-2.6%	441	459	4.1%
Manufacturing	129	150	16.3%	544	580	6.6%	754	695	-7.8%	240	236	-1.7%
Transportation & public utilities	41	48	17.1%	186	240	29.0%	472	410	-13.1%	189	194	2.6%
Wholesale trade	103	98	-4.9%	454	500	10.1%	643	644	0.2%	284	316	11.3%
Retail trade	233	244	4.7%	1,113	1,311	17.8%	2,244	2,043	-9.0%	961	860	-10.5%
Finance, insurance & real estate	20	31	55.0%	129	159	23.3%	262	268	2.3%	191	159	-16.8%
Services	403	291	-27.8%	962	1,089	13.2%	3,119	3,236	3.8%	1,553	1,188	-23.5%
Non classifiable	10	3		13	21		152	328		14	20	
Total	1,021	1,051	2.9%	3,985	4,619	15.9%	9,591	9,067	-5.5%	5,214	4,000	-23.3%

Industry	South Atlantic 1987	1988	% change	East South Central 1987	1988	% change	West South Central 1987	1988	% change	Mountain 1987	1988	% change
Agriculture, forestry & fishing	125	93	-25.6%	293	114	-61.1%	579	225	-61.1%	228	165	-27.6%
Mining	47	43	-8.5%	52	68	30.8%	322	229	-28.9%	77	44	-42.9%
Construction	963	1,054	9.4%	364	393	8.0%	1,528	1,289	-15.6%	620	674	8.7%
Manufacturing	483	516	6.8%	195	217	11.3%	617	628	1.8%	338	318	-5.9%
Transportation & public utilities	212	240	13.2%	134	123	-8.2%	427	286	-33.0%	144	159	10.4%
Wholesale trade	564	700	24.1%	225	210	-6.7%	862	885	2.7%	356	326	-8.4%
Retail trade	1,554	1,558	0.3%	791	733	-7.3%	2,350	1,870	-20.4%	990	1,089	10.0%
Finance, insurance & real estate	228	296	29.8%	101	87	-13.9%	812	802	-1.2%	308	321	4.2%
Services	2,772	2,736	-1.3%	1,018	1,044	2.6%	5,247	4,296	-18.1%	2,825	2,638	-6.6%
Non classifiable	21	19		22	9		19	32		26	21	
Total	6,969	7,255	4.1%	3,195	2,998	-6.2%	12,763	10,542	-17.4%	5,912	5,755	-2.7%

Source: The Dun & Bradstreet Corporation, Economic Analysis Department

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Business Failures by U.S. Census Region by industry
Yearly data, 1987 vs. 1988 *

Industry	Pacific 1987	Pacific 1988	Pacific % change	Total U.S. 1987	Total U.S. 1988	Total U.S. % change
Agriculture, forestry & fishing	305	245	-19.7%	3,766	1,823	-51.6%
Mining	18	20	11.1%	627	494	-21.2%
Construction	1,214	1,077	-11.3%	6,735	6,791	0.8%
Manufacturing	973	864	-11.2%	4,273	4,204	-1.6%
Transportation & public utilities	431	390	-9.5%	2,236	2,090	-6.5%
Wholesale trade	845	776	-8.2%	4,336	4,455	2.7%
Retail trade	2,004	1,780	-11.2%	12,240	11,488	-6.1%
Finance, insurance & real estate	499	454	-9.0%	2,550	2,577	1.1%
Services	5,903	6,168	4.5%	23,802	22,686	-4.7%
Non classifiable	269	37		546	490	
Total	12,461	11,811	-5.2%	61,111	57,098	-6.6%

Data for 1987 are final; 1988 figures are preliminary.

Source: The Dun & Bradstreet Corporation, Economic Analysis Department